



CITY OF PLEASANTON

STAFF REPORT

*Real property tax - CA
Municipal budgets - Pleasanton
Pleasanton - approp. & approved*

May 10, 1978

HONORABLE CITY COUNCIL
Pleasanton, California

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Proposition 13 Report

JUN 27 1978

Members of the Council:

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Early this year Proposition 13, the Jarvis-Gann Initiative, qualified for the state-wide ballot on June 6, 1978. The thrust of the proposition is to reduce property taxes. As a result, local revenues and the ability to generate new revenues will be dramatically reduced. A report to the City Council in February discussed the proposition in general terms. This report contains specific information, suggestions and recommendations to reduce City expenditures and services should such action be necessary.

The City Council received and has reviewed the 1978-79 Budget, which has a revenue structure based on the Behr Bill; that document contains service level recommendations without consideration of Proposition 13. With the completion of the review of the 1978-79 Budget it is appropriate for the Council to consider what actions will be necessary should Proposition 13 pass and take effect July 1, 1978. In any event, after June 6, the Council will be requested to take action on either the 1978-79 Budget or reduce the budget to conform with the revenue constraints which would be necessary under Proposition 13.

This report compares the expenditures necessary to provide the services outlined in the 1978-79 Budget, the existing budget, and the expenditures available if the proposition is approved.

General Impact of Proposition 13

Passage of Proposition 13 will reduce property tax revenues (including homeowners exemptions) estimated for 1978-79 (Behr Bill) by \$2,294,620, from \$3,039,620 to \$745,000. Property tax revenues, including homeowners exemptions, for 1977-78 are estimated at \$2,775,190, and the current year budget reflects that revenue. Should Proposition 13 pass, actions must be taken to accommodate a revenue loss of \$2,031,190 to conform with Proposition 13 revenue restrictions.

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Should Proposition 13 pass, existing services should be reduced by \$2,031,190 or those services proposed in the 1978-79 Budget by \$2,294,620, if current revenues are to support current operations. In the short-term, it is possible and desirable to continue some essential operations utilizing existing reserves or by cancelling capital projects which could not be maintained if they were constructed.

The most important factor to consider when reviewing budget reductions necessitated by Proposition 13 is that all of the impacts will be internal. That is, the City will have a reduced ability to provide services but citizens requiring or desiring City services will still have the same requirements and desires. The demand and need for police, fire and recreation services may continue at their present level but the City may be unable to respond as it now does. The community may continue to desire more developed parks and the maintenance of existing parks at the level they now enjoy; the City will be unable to finance new parks or maintain existing service levels above the absolute minimum. The amount and number of new construction, improvement, and development proposals may continue at the present rate but the City's ability to check, review, and inspect these activities will be curtailed resulting in delays before proposals can be approved.

Report Format and Review Process

The detailed suggestions, recommendations, and budget reduction alternatives presented in this report represent one method of achieving the reductions necessary. The report also very briefly describes the impact of the reductions. All of the reduction proposals should receive a good deal of discussion as the impacts of the reductions are such that they cannot be completely discussed without a question-answer format.

CONTINGENCY BUDGET

State-wide, cities will have their revenues reduced by an average of 14 percent should Proposition 13 pass. The City of Pleasanton is in a doubly unfortunate position due to Proposition 13 because of the above average dependence on the property tax and because almost every City operation is already understaffed. The reductions suggested in this report and summarized on the following tables will be difficult to make. Following these suggestions or similar ones will not require a reduction of police or fire staffing during the first year of any Proposition 13 revenue constraints. However, several major actions are necessary, those actions are:

- Substantial budget, staff, and service level reductions in all City operations.
- Transfer of all revenue sharing funds to the General Fund for operating purposes.

- Transfer of all gas tax revenue to the General Fund for operating purposes (no new money will be available for street capital improvement projects).
- Reduction of Water and Sewer Utility expenditures and the transfer of the difference between utility revenues and expenditures to the General Fund.
- Cancellation of planned capital improvement projects.
- Turning off a sufficient number of street lights to reduce street light expenditures from \$267,000 to \$50,000.
- Reducing liability insurance coverage to provide a policy at a cost of \$150,000 rather than the coverage purchased for about \$300,000.

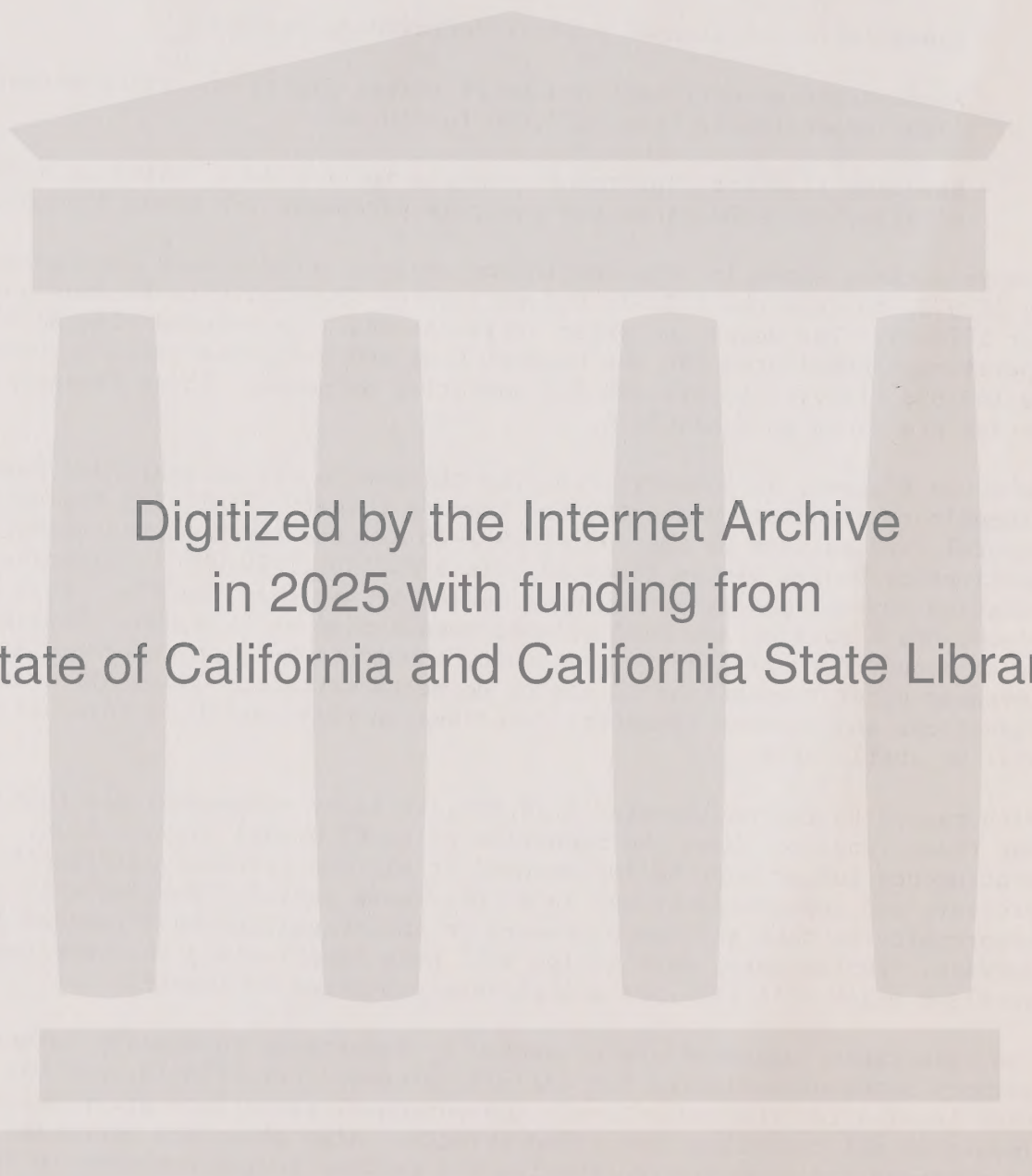
The reductions shown in this contingency budget would reduce the General Fund by \$1,972,980 from the 1978-79 Budget leaving \$3,822,214 to finance operations for 1978-79. The sewer and water utilities would be reduced also so that total operating expenditures for the General Fund and utilities would be reduced \$2,149,686, leaving \$5,695,748 for operating purposes. These financial summaries are shown in Schedule A.

Schedule B shows, in summary form, the changes to the General Fund revenue and expenditure structure under the contingency budget. Utilizing the estimated General Fund balance at the end of 1977-78 and the revenues and transfers, the contingency budget can be financed. In addition, \$200,000 is allocated for vacation buy-out and other expenses caused by employee layoffs. This schedule also shows a contingency fund balance recommended at \$750,000. This amount, or an amount very similar in magnitude, should be held in reserve since the revenues under Proposition 13 are by no means certain. Given all of the budget reductions and revenue transfers described in this report, a total of \$228,829 will be unallocated.

With regard to the unallocated \$228,829, it is my recommendation that the Council use these funds to phase the reduction of staff beyond July 1, 1978. If the contingency budget must be implemented it will be extremely difficult to stop projects and reduce operations in a three-week period. Phasing will provide an opportunity to take actions necessary in the transition to a reduced level of service. Furthermore, such action will help to alleviate the very real human problems which will face those employees subjected to layoff.

The reductions suggested are presented by department in summary format. The summary shows expenditures for 1977-78, proposed for 1978-79, and the expenditure level after the reductions. Any personnel reductions are noted and the impact of all reductions described briefly. Also shown are financial summaries of revenues and expenditures showing the reduced budget compared to the current years budget and the proposed 1978-79 Budget.

Following the listing of budget reductions is a listing and discussion of other issues relating to any necessary budget reductions.



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	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
City Council	\$18,832	\$20,912	\$9,662	\$11,250

Under the suggested contingency budget, the following actions would be necessary:

- Reduce travel budget from \$3,000 to \$500.
- No dues or memberships to ABAG, National League of Cities, League of California Cities, East Bay Division of League of California Cities.
- The Annual Mayor's Award Dinner and Alameda County Mayors' Conference would not be held.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
City Manager	\$172,897	\$110,943	\$16,989	\$93,954

The following impacts would occur with the reductions shown:

- Overtime to cover Council Meetings for minute taking would be eliminated, comp time off would be granted resulting in a decrease in normal secretarial services.
- All travel would be eliminated.
- No physical examination for new employees would be provided.
- Eliminate contract assistance in labor relations services. More staff hours will be required for labor relations leaving less time available for other activities.
- Although not reflected here, reductions in the support services will require more time by the Assistant to the City Manager resulting in less time available for personnel administration and labor relations.
- Eliminate vehicle replacement funding.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
City Attorney	\$99,339	\$90,730	\$28,942	\$61,788

The reductions of \$28,942 from the proposed 1978-79 Budget would have the following impacts:

- Elimination of the Deputy City Attorney position would substantially reduce legal services compared to existing workloads; City codes would not be revised and improved, all legal assistance to Council, staff and Commissions would be curtailed and delayed.

- All temporary clerical assistance would be eliminated.
- Travel, capital outlays, and vehicle replacements would also be deleted.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Miscellaneous and Fixed	\$30,996	\$25,250	\$3,000	\$22,250

This category of expense provides for the ambulance service subsidy, civil defense, and an allocation for community promotion. The reduction would eliminate the \$3,000 appropriation for community promotion.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Administrative Services	\$217,374	\$233,088	\$63,069	\$170,019

Administrative Services includes accounting, cost accounting, licenses, duplicating, typing services, central stores and administration. The reductions would include the elimination of the following positions: account clerk II, MT/ST operator, duplicating machine aide and a portion of the part-time clerk in finance. Other reductions would occur in supplies, travel, training, dues and subscriptions, computer services, and vehicle replacement. It is important to note that the workload in the finance section of Administrative Services is non-discretionary; all that will change are the resources available to accomplish the work. The reductions would have the following impact:

- Staff reduction in finance section will reduce the level of accounting and control of funds.
- Ability to receive funds, and public contact at the counter and by phone will be reduced.
- All operations will continue but will have to be completed faster resulting in an increase in the likelihood of errors.
- Computer services would be reduced resulting in a loss of the program budgeting system.
- Typing, printing, and delivery services will be decreased - operations most directly effected will be Planning and the City Attorney's office.
- Typing and duplicating services will have substantially increased turn around times.
- Council and Commission packets would not be available four days before the meeting, delivery would be extended by at least one day.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Support Services	\$708,671	\$676,242	\$284,154	\$392,088

Support Services includes building maintenance, vehicle maintenance, general government building expenses (utilities, insurance and property rentals), Civic Center lease payments, janitorial services and, recreational facility maintenance. The reductions would be made by eliminating three positions; a maintenance man, building maintenance supervisor, and a building maintenance man. Other reductions would delete travel and transportation expenses, vehicle replacement and capital outlays, contract repair and maintenance, materials and supplies, property rental payments, and a reduction of liability insurance premium payments. The impact of these reductions would:

- Reduce ability to maintain and repair existing buildings and facilities such as Val Vista, Amador, and West Wind recreation buildings.
- Indefinitely defer roof repairs at Fire Station Number One.
- Allow for no preventive maintenance on any electrical and mechanical equipment in buildings.
- Vehicle maintenance activity would remain as it is now, many vehicles would be unused and would be stored in the short-term and surplused and sold in the long-term.
- Janitorial services would be provided by one person for all buildings (Civic Center, Police Department, Corporation Yard Offices, etc.).
- Janitorial services provided every third day.
- No setups for meetings or functions.
- No special janitorial maintenance for the Veterans' Building.
- Justice Court Building lease would be cancelled and City Attorney's Office moved back to Civic Center. City Council and Commission meetings would be held in the Veterans' Building or Cultural Arts Building or other locations.
- Recreation Building maintenance would be provided on a five day rather than a seven day per week basis.
- Century House would have to be closed for rentals as setup and janitorial service would not be available.
- All setups and janitorial service for recreation classes would be curtailed.
- Overall, there would be more than a fifty percent reduction in building maintenance and janitorial services.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Public Works and Utilities Administration	\$44,955	\$107,946	\$63,373	\$44,573

The Administration Division of the Public Works and Utilities Department provides for the overall management, direction, and clerical support for the entire department. In addition, specific engineering for utilities projects are provided by this department. The reductions of \$63,373 would require the elimination of part-time clerical assistance for Field Services, the Director of Field Services position, and the Executive Secretary position. The impacts of the reductions would be as follows:

- The major overall effect would be a drastic reduction in the management of all public works and utilities operations and projects. This reduction would occur at a time when major utility projects will begin. The projects include the interceptor sewer and water system improvements for the regional shopping center.
- Department clerical services would be reduced, this would impact all divisions and, because of sharing clerical staff, also adversely impact Planning, Personnel, and the City Manager's Office.
- Vehicle operations, repair, maintenance, and replacement would be reduced.
- Minor reductions in materials and supplies would also be made.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Engineering Services	\$283,857	\$273,345	\$140,878	\$132,467

The Engineering Services Division provides for all engineering, plan and map checking, and inspection for public and private development. In addition, capital improvement projects are designed, permits issued, and traffic engineering services provided. The reduction of \$140,878 would require the elimination of the following positions: Director of Engineering Services, Associate Civil Engineer, Park and Landscape Designer, Construction Inspector, and all temporary salaries for a draftsman and engineering aide. In addition, vehicle repairs, maintenance and replacement, office equipment, and materials and supplies would be reduced. The impact of the reduction would be as follows:

- Private development processing significantly delayed.
- Maximum delay possible under State law for map checking.
- City projects would be engineered only where funding is from other agencies and is guaranteed.
- The non-critical functions listed below could not be handled:

- . Park and landscape design
- . Design of City projects
- . Traffic counts

- . Speed surveys
- . Bike lane design
- . Traffic studies
- . Tree plantings and removal requests
- . Base mapping
- . Coordination with other agencies

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Streets Division	\$563,859	\$596,775	\$373,168	\$223,607

Nearly one-half, \$267,467, of the Streets Division Budget is for utility payments for street lights, the balance provides for street, storm drain, and traffic maintenance activities. The reductions would be made by reducing street light charges to \$50,000 per year and by eliminating the following positions: one street maintenance worker, two street maintenance laborers, and one street maintenance leadman. Other reductions would be in vehicle replacement, transportation, repairs and maintenance, materials and supplies, and capital outlay. The impact of the reductions is described below:

- A reduction by about 4/5th of the total street lighting including cancelling the planned conversion to high pressure sodium vapor lights. Street lighting would only be possible in commercial areas and at major intersections and, to the extent possible, at long intervals on neighborhood streets.
- The City's approximately 100 miles of streets have a replacement value of from \$150-\$200 million, all maintenance would be reduced by at least 50%. Substantial deterioration will begin to occur within two years.
- No street sweeping although the equipment would be available for emergencies.
- Reduce street sub-base failure repair and patching by 50%.
- Leaf pickup less frequent.
- No weed spraying or roadside trash pickup.
- Storm drain and drainage channel maintenance reduced by 50%, result will be increased street flooding during rain season.
- Traffic lane line painting reduced by 50%.
- No replacement of new pavement markers or replacement of existing markers.
- Street signs would not be replace when faded, only when damaged or stolen.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Park Maintenance Division	\$403,722	\$350,137	\$141,446	\$208,691

This division provides for government building and street landscape maintenance, tree and park maintenance. The reduction of \$141,446 would have the effect of reducing service levels to the minimum of mowing and watering. The reductions would be accomplished by eliminating two park maintenance workers and four park maintenance laborer positions. Other reductions would occur in travel expenses, vehicle replacement, transportation, repairs, materials, and capital outlay. The following impact would result from the reductions:

- Maintenance around all buildings and public facilities would be reduced by 50%, only watering of grass and plants and minimum mowing.
- Trimming of street trees and other trees in parks and public property would be discontinued. Emergency callouts and removal of hazards would continue.
- All landscape maintenance along streets would be eliminated.
- The Sports Park would be mowed only once per week.
- Weed control in parks and other City property reduced by 50%.
- Furnishing of portable toilet facilities at parks would be eliminated.
- No bleacher moving or trash pickup at sports events.
- No marking of soccer fields, equipment would be available for teams to do their own marking.
- Reduced level of maintenance at Little League Ball Parks.
- Overall, a general deterioration of all park facilities can be expected.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Fire Department (PHASE ONE)	\$964,437	\$1,050,361	\$140,461	\$909,900

The reductions of \$140,461 shown above would have only a minimal impact on the level of fire services in the City by the elimination of new positions that are not yet filled. However, it must be pointed out that these reductions would negate the long term objective of increasing staffing of engine companies from two to three persons.

The reduction of \$140,461 would be accomplished by eliminating the Assistant Fire Chief, two new firefighter positions and one-half of the proposed clerical position. Other reductions would eliminate the rescue van, vehicle replacement and reduce vehicle operating expenses, reduce travel and all capital outlays.

The effect of these reductions would be as follows:

- Elimination of the rescue van would allow for the assignment of three firefighters per shift at Station Three about 40% of the time.
- Not having the assistant chief position will not allow for the increased departmental coordination necessary.
- Reduced clerical support will require other department personnel to perform those functions.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Total Reductions</u>	<u>Final Contingency Budget</u>
Fire Department (PHASE TWO)	\$964,437	\$1,050,361	\$248,813	\$801,548

Should it be necessary to reduce the budget due to the passage of Proposition 13 and, if there is no new revenue from other sources for 1979-80 or if projected revenues are not realized, it will be necessary to reduce the Fire Department beyond those reductions outlined above. These Phase Two reductions would be necessary under those circumstances early in 1979-80. The Phase Two reductions will require the elimination of four firefighter positions, reverting three lieutenants to firefighters and closing Fire Station Two. These actions would result in a definite reduction in existing service levels, response times would increase in many areas of the City and layoffs would be required.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Police Department (PHASE ONE)	\$1,332,535	\$1,362,474	\$171,449	\$1,191,025

The reductions of \$171,449 would eliminate the service level improvements proposed in the 1978-79 Budget and eliminate several existing important, although ancillary, police functions. The reductions would be accomplished by eliminating the police assistant and two police officer positions proposed in the 1978-79 Budget. Also, all capital outlays would be eliminated and travel and dues and subscriptions reduced. The Horizons program would be eliminated as would the school crossing guards, parking control (police assistant) and dispatch capability reduced by eliminating one police clerk position. The summer youth bike patrol, traffic safety materials, Little League traffic control, and car washing would also be discontinued. These reductions would have the following impacts:

- Increasing traffic enforcement efforts planned for 1978-79 will not be possible.
- Increased animal control and parking enforcement planned for 1978-79 will not occur.
- Juveniles will either be handled through the Minor Office Court (MOC) or directly at Juvenile Hall, the diversion to the Horizons Program will not be possible.

- Existing parking control in the Downtown Area will be eliminated, enforcement would occur only when sworn officers were available.
- Dispatching and clerical records activity would be reduced on one shift and during vacations and illness, delayed response in telephone answering and dispatching may occur.
- The summer youth bike patrol of neighborhoods would be discontinued resulting in a loss of this valuable crime prevention activity.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Total Reductions</u>	<u>Final Contingency Budget</u>
Police Department (PHASE TWO)	\$1,332,535	\$1,362,474	\$306,028	\$1,056,446

Should it be necessary to continue to operate under the revenue limits of Proposition 13 and without revenues from other sources, more reductions in the Police Department would be required in 1979-80. The additional reductions would require the complete elimination of animal control activities and the position of animal control officer, eliminating one more dispatcher position, three police officer positions and reverting one sergeant to police officer.

The reduction of \$131,579 if Phase Two is necessary will significantly reduce existing service levels and will impact traffic enforcement, training, and dispatching and records. These reductions would dramatically reduce or, depending on staffing schedules, eliminate response to non-critical calls for service. These would include non-injury accidents, petty theft reports, noise complaints and non-critical traffic complaints and violations.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Planning	\$129,765	\$101,645	\$27,730	\$73,915

The 1978-79 Budget for the Planning Division was proposed at a minimum staffing level with a staff reduction of one position from 1977-78. The reductions necessary for the contingency budget would eliminate one planning analyst position, travel expenses, dues and subscriptions, and vehicle replacement. The reductions will have the following effects:

- Action minutes only for Planning Commission meetings.
- Environmental assessments done on a prefuntory basis only.
- Little or no advance planning.
- Little or no progress toward completion of General Plan elements.
- No special studies.
- Consider elimination of design review activities.
- Private developments requiring approvals, variances, zone changes or General Plan amendments would be delayed substantially.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Building Inspection	\$86,329	\$86,050	\$21,122	\$64,928

The Building Inspection Division is currently staffed by the chief building inspector, a permits clerk, and one full-time building inspector and one half-time building inspector. The reduction of \$21,122 would eliminate the half-time building inspector position and, reduce the permits clerk to a half-time position. Other reductions would reduce travel and transportation expenses, vehicle replacement, and capital outlays. The reductions would have the following effects:

- Minimum inspections only.
- Unsuitable plans would be rejected without the consultations currently provided.
- Increased time to perform plan checking.
- Counter service would be substantially reduced and permit issuance time increased. (Counter service for Building Inspection, Planning, Finance and Recreation will all be reduced and would probably require limiting the time City Hall would be open to handle these operations).
- No code enforcement.
- No zoning enforcement.
- Plan checking for energy conservation, required by State law as of July 1, 1978, may not be possible.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Recreation and Human Resources	\$382,270	\$384,296	\$162,537	\$221,759

The reduction of \$162,537 in the Recreation and Human Resources Department would eliminate the positions of recreation coordinator, one recreation supervisor and two, three-fourth time clerical positions. In addition, substantial reductions of part-time and seasonal positions would occur as well as reductions in all other categories of expenditures. Fee classes, those that are self-supporting would continue but other activities, especially sports, would be reduced or eliminated. The following are the anticipated effects of the reduction:

- Discontinue summer playground program.
- Provide only basic/essential transportation for seniors, this would reduce current program by one-half.
- No building maintenance available for setups and cleanups.
- Reduced clerical staff will impact registration activities and necessitate reduced support for the Park and Recreation Commission.

- Eliminate community theatre and jazz festival.
- Eliminate all City sponsored sports activities, no use of Camp Parks facilities and no instruction classes and clinics.
- Eliminate teen and senior drop-in program.
- No senior information and referral.
- No youth employment service.
- Close Val Vista Recreation Center.
- Close West Wind facility.
- Close recreation center at Amador Park.
- Reduce pool operation from four to six months and close pool snack bar.
- Increase pool admissions; pre-school from .25 to .50, youth from .50 to .75, and adults from .75 to 1.00.
- Eliminate all activities on Human Services Study.
- No staff support for Human Services Commission.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Sewer Utility	\$1,008,333	\$993,099	\$97,656	\$895,443

The Sewer Utility is a self-supporting operation in that revenues from sewer service charges provide for all expenditures. Assuming current revenues remain constant, the reductions here would enable a transfer of revenues to the General Fund. The reduction of \$97,656 would require the elimination of four sewage treatment plant laborer positions, overtime reductions, and eliminating summer maintenance help. Other reductions would occur in capital outlay, repairs and maintenance, vehicles, and materials and supplies.

These reductions will still provide for the continued operation of the Sunol Plant. The major impact of the reductions would be to discontinue all routine sewer line flushing currently accomplishing about 20,000 feet per month. The number of sewer main stoppages can be expected to increase without the flushing program. Other routine maintenance would be reduced also.

	<u>Adjusted 1977-78</u>	<u>Proposed 1978-79</u>	<u>Reductions</u>	<u>Contingency Budget</u>
Water Utility	\$1,025,100	\$1,057,141	\$79,050	\$978,091

As with the Sewer Utility, the Water Utility is self-supporting in that water revenues are expected to cover expenditures. Assuming current rates, reductions in expenditures will have the effect of transferring money to the General Fund. The reductions would require the elimination of two water system laborer positions, one water system operation, and one part-time clerk engaged in utility billing operations. Other reductions would include overtime, temporary salaries, vehicle operation and replacement expenses, capital outlay, materials and supplies, travel, and dues and subscriptions.

The primary impact of these reductions would be discontinuing normal operation of water system valves which will result in complaints regarding water taste and odor. Water turn-ons and turn-offs would be delayed and responses to complaints from citizens would be substantially delayed. Utility billing will continue but the counter service would have limited hours of operation.

Personnel Reductions

The table below shows the positions which must be eliminated from the budget to operate under the revenue constraints of Proposition 13. Of the regular positions shown, 6 are existing positions that are currently vacant, 11 are new positions proposed in the 1978-79 Budget, and 31 are existing positions which will require layoffs. State law prescribes that layoffs be effected by seniority. In our case, the layoffs would occur by seniority by job classification. Bumping procedures are currently being developed and they will be discussed with the employee organizations. Staff will also provide every assistance possible to help those employees laid off to obtain unemployment compensation, information on other employment opportunities and other counseling.

In addition to the reduction in the number of regular and full-time employees, most part-time temporary positions will be eliminated. The part-time, temporary positions provide services ranging from clerical support to summer vacation relief. The loss of these positions will have the obvious impact on service levels and also will substantially reduce staffing flexibility.

The decision to recommend specific positions for reduction was based entirely on the priorities of operations. The positions identified are valuable and important in providing existing services, however, the only viable means of reducing expenses to effect the service level reductions necessary should Proposition 13 pass, is by reducing the number of employees.

REGULAR POSITION PERSONNEL REDUCTIONS

DEPARTMENT/DIVISION

City Attorney

Administrative Services

POSITION TITLE

*Deputy City Attorney

Account Clerk II
MT/ST Operator
Duplicating Machine Aide

Support Services	Building Maintenance Supervisor **Building Maintenance Man Maintenance Man
Public Works and Utilities Administration	Director of Field Services Executive Secretary 3/4 Typist-Clerk
Engineering Services	Director of Engineering Services Associate Civil Engineer Park and Landscape Designer Construction Inspector
Streets Division	Street Maintenance Worker Lead Street Maintenance Worker *Street Maintenance Laborer Street Maintenance Laborer
Parks Division	Park Maintenance Worker Park Maintenance Worker *Park Maintenance Laborer Park Maintenance Laborer Park Maintenance Laborer Park Maintenance Laborer
Fire	*Assistant Fire Chief **Firefighter **Firefighter **1/2 Typist Clerk
Police	**Police Assistant **Police Officer **Police Officer Police Clerk Police Assistant
Planning	Planning Analyst
Building Inspection	1/2 Building Inspector 1/2 Permits Clerk
Recreation and Human Resources	*Recreation Coordinator Recreation Supervisor 3/4 Typist Clerk **3/4 Typist Clerk
Sewer	*Sewage Treatment Plant Laborer **Sewage Treatment Plant Laborer **Sewage Treatment Plant Laborer **Sewage Treatment Plant Laborer
Water	Water System Operator Water System Laborer Water System Laborer 3/4 Account Clerk I

*Existing positions currently vacant.

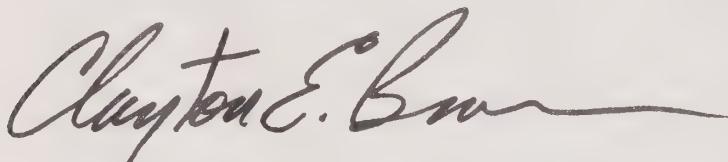
**Positions proposed in 1978-79 Budget.

Summary

This report describes budget reductions and other actions which may be necessary to reduce expenditures in the event Proposition 13 passes. The report also describes the impact of the reductions on existing service levels. If it is necessary to implement these or similar actions, the Council will have to have several meetings after the June 6 election. In the interim, I would suggest the Council discuss this report and any other alternatives which may be available.

There may well be variations to this suggested method of budget reductions. The task is difficult and becomes essentially one of selecting the lesser of undesirable alternatives. This selection was made based on the priority of services to the community.

Respectfully submitted,

A handwritten signature in cursive script, reading "Clayton E. Brown", followed by a long horizontal flourish.

Clayton E. Brown,
City Manager

CEB:dg

SCHEDULE ACONTINGENCY BUDGET
EXPENDITURE SUMMARY

<u>Department</u>	<u>Proposed 1978-79 Budget</u>	<u>Proposition 13 Reduction</u>	<u>Percent of Proposed Budget</u>	<u>Proposition 13 Budget</u>
<u>General Fund</u>				
City Council	\$ 20,912	\$ 9,662	46.2%	\$ 11,250
City Manager	110,943	16,989	15.3	93,954
City Attorney	90,730	28,942	31.9	61,788
Admin. Services	233,088	63,069	27.1	170,019
Support Services	676,242	284,154	42.0	392,088
Misc. & Fixed	25,250	3,000	11.9	22,250
Public Works Admin.	107,946	63,373	58.7	44,573
Engineering	273,345	140,878	51.5	132,467
Streets	596,775	373,168	62.5	223,607
Parks	350,137	141,446	40.4	208,691
Fire	1,050,361	140,461	13.4	909,900
Police	1,362,474	171,449	12.6	1,191,025
Planning	101,645	27,730	27.3	73,915
Inspection Services	86,050	21,122	24.5	64,928
Recreation & H.R.	<u>384,296</u>	<u>162,537</u>	<u>42.3</u>	<u>221,759</u>
Total Operating	\$5,470,194	\$1,647,980	30.1	\$3,822,214
Capital Projects	<u>325,000</u>	<u>325,000</u>	<u> </u>	<u>-</u>
TOTAL GENERAL FUND	\$5,795,194	\$1,972,980	34.0	\$3,822,214
<u>Utility Funds</u>				
Sewage Treatment	993,099	97,656	9.8	895,443
Water Distribution	<u>1,057,141</u>	<u>79,050</u>	<u>7.5</u>	<u>978,091</u>
Total Utilities	\$2,050,240	\$ 176,706	8.6	\$1,873,534
TOTAL	\$7,845,434	\$2,149,686	27.4	\$5,695,748

SCHEDULE B

CONTINGENCY BUDGET
GENERAL FUND BALANCE

	1978-79 Recommended <u>Budget</u>	Contingency <u>Budget</u>
Projected Balance 6-30-78	\$ 784,574	\$ 784,574
Revenues and Transfers	5,772,803	4,216,469
Expenditures	5,795,194	3,822,214
Vacation Buy-out	-	200,000
Contingency Fund	405,000 (7%)	750,000 (19.6%)
Funds Available	357,183	228,829

CONTINGENCY BUDGET
GENERAL FUND BALANCE

Projected Balance June 30, 1978		784,574
Revenue:		
Current Revenue	3,471,893	
Transfers from Other Funds	<u>744,576</u>	
Total Revenue Available		4,216,469
Expenditures:		
Prop. 13 Budget	3,822,214	
Vacation Buy-out	200,000	
Contingency	<u>750,000</u>	
Total		4,772,214
ESTIMATE AVAILABLE		<u>228,829</u>

SCHEDULE C

CONTINGENCY BUDGET
REVENUE SUMMARY
GENERAL FUND

	<u>1978-79 Recommended Budget</u>	<u>Contingency (Reductions) Increase</u>	<u>Proposition 13 Revenue</u>
Property Taxes and Homeowners Exemptions	\$3,039,620	\$(2,294,620) (75.5)	\$ 745,000
Other General Fund Revenue	<u>2,726,893</u>	<u>- -</u>	<u>2,726,893</u>
Total Current Revenue	5,766,513	(2,294,620) (39.8)	3,471,893
Transfers:			
Revenue Sharing	203,500	129,000	332,500
G. O. Bonds	(37,210)	37,210	-
Foothill Road Project	(160,000)	-	(160,000)
2107 Gas Tax	-	218,370	218,370
2106 Gas Tax	-	177,000	177,000
Utility Funds	<u>-</u>	<u>176,706</u>	<u>176,706</u>
Total Transfers	6,290	738,286	744,576
 TOTAL REVENUE AND TRANSFERS	 <u>\$5,772,803</u>	 <u>\$(1,556,334) (27%)</u>	 <u>\$4,216,469</u>

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